

COCHENOUR WILLANS

G O L D M I N E S , L I M I T E D

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ANNUAL REPORT

COCHENOUR WILLANS GOLD MINES, LIMITED

<i>Directors</i>	J. EDWIN J. FAHLGREN, <i>Cochenour, Ont.</i> ROBERT E. FASKEN, <i>Mississauga, Ont.</i> JOHN B. McLELLAN, <i>Toronto, Ont.</i> MURDOCK C. MOSHER, <i>Toronto, Ont.</i> GEORGE T. SMITH, <i>Toronto, Ont.</i> ROBERT M. SMITH, <i>Oakville, Ont.</i>
<i>Officers</i>	J. E. J. FAHLGREN, <i>President</i> G. T. SMITH, <i>Vice-President</i> J. B. McLELLAN, <i>Secretary</i> B. C. LEMON, <i>Treasurer and Asst. Secretary</i>
<i>General Manager</i>	J. E. J. FAHLGREN, <i>Cochenour, Ont.</i>
<i>Chief Geologist</i>	L. C. CHASTKO, <i>Cochenour, Ont.</i>
<i>General Superintendent</i>	D. H. COGHILL, <i>Cochenour, Ont.</i>
<i>Registrar & Transfer Agents</i>	CANADA PERMANENT TRUST COMPANY 20 Eglinton Avenue West Toronto, Ontario M4R 2E2
<i>Bankers</i>	CANADIAN IMPERIAL BANK OF COMMERCE Toronto and Balmertown, Ontario
<i>Auditors</i>	THORNE GUNN & Co. Thunder Bay 'F', Ontario
<i>Solicitors</i>	FRASER & BEATTY York Centre, 145 King Street West Toronto, Ontario M5H 1J8
<i>Executive & Mine Office</i>	<i>Cochenour, Ontario</i>

**Cochenour Willans Gold Mines,
Limited**

and its subsidiaries

ANNCO MINES LIMITED
WILMAR MINES LIMITED AND
COCHENOUR REALTY LIMITED

INTERIM REPORT

**6
MONTHS
ENDED
June 30, 1973**

Printed in Canada

results in the Granodiorite zone continue to be favourable a minimum of 15,000 tons will be mined and a milling test undertaken.

President.

May 22nd, 1974,
COCHENOUR, Ontario.

COCHENOUR WILLANS GOLD MINES, LIMITED

Cochenour Willans Gold Mines, Limited

To the Shareholders of
COCHENOUR WILLANS GOLD MINES, LIMITED

Our interim six-month report to the shareholders include Statements of Income and Source and Application of Funds for the period ending June 30th, 1973 and results of Exploration and Development to date.

COCHENOUR

The deep diamond drilling program being undertaken from a set-up on a reef in Bruce Channel to investigate an unexplored area west of all underground workings has resumed following a shutdown due to drilling problems. The depth of hole is at 2,450 feet where it continues to intersect formations considered favourable to ore deposition.

WILMAR MINES LIMITED

The exploration diamond drilling program on our subsidiary, Wilmar Mines Limited, being financed by Cochenour 55% and Martin-McNeely 45% has been underway for 10 weeks and is progressing satisfactorily in terms of footage drilled. However, there have been delays in the underground program due to a shortage of experienced manpower which will necessitate continuing the program until the end of September.

East Area — Underground

A mining block from the 1300' level to the 2050' level having a vertical dimension of 850 feet and extending over a horizontal length of 1,100 feet from 300 west to 800 east is the target area. This was partially developed by a winze and 6 levels and produced 203,256 tons of ore at a grade of 0.298 ounces gold per ton in earlier mining operations.

Prior to initiating the present drilling program the estimated ore potential for this block was as follows:

	Tons	Grade ozs. Au /Ton
Developed	31,500	0.32
Drill indicated (to be developed and confirmed by additional drilling)	75,500	0.22
Possible (indicated by isolated drill holes intersections or projection of known ore) ..	324,500	0.22
TOTAL	431,500	0.23

Cochenour Willans Gold Mines, Limited

STATEMENT OF INCOME

Six Months Ended June 30th, 1973 — Unaudited
(with comparative figures for 1972)

	1973	1972
Operating Expenses	\$ 51,034	\$ 74,473
Other Expenses		
Depreciation	36,000	36,000
Wilmar Exploration	33,759	—
Exploration & Prospecting	58,733	62,221
	128,492	98,221
Deduct — Other Income ..	—	20,767
	128,492	77,454
Loss for Period	\$ 179,526	\$ 151,927

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Six Months Ended June 30th, 1973 — Unaudited
(with comparative figures for 1972)

	1973	1972
Source of Funds		
Interest earned	\$ 5,896	\$ 4,264
Proceeds from sale of fixed assets	78,260	135,685
Proceeds from sale of shares	19,000	—
	103,156	139,949
Application of Funds		
Operations:		
Loss for Period	179,526	151,927
Fixed Assets	8,723	—
	188,249	151,927
DEDUCT — Depreciation ..	36,000	36,000
	152,249	115,927
Advances to subsidiaries ..	—	5,526
Bamaji Project	—	8,099
	\$ 152,249	\$ 129,552
Increase (Decrease) in Work- ing Capital	(49,093)	10,397
Working Capital at Beginning of Period	567,241	647,479
Working Capital at End of Period	\$ 518,148	\$ 657,876

Report of the Directors

To the Shareholders of
Cochenour Willans Gold Mines, Limited

The Board of Directors submit herewith the Annual Report of Cochenour Willans Gold Mines, Limited together with the Financial Statements for the year ended December 31, 1973 that includes the Balance Sheet, Statement of Income, Statement of Deficit and Statement of Source and Application of Funds, consolidated with those of our wholly owned subsidiary Cochenour Realty Limited and our subsidiary Wilmar Mines Limited. Also included is the Report of the General Manager covering the exploration activities in which your corporation participated and the financial statements of three of your corporation's subsidiaries with related Auditor's Reports, namely — Annco Mines Limited, Consolidated Marcus Gold Mines Limited and Cochenour Explorations Limited.

Cochenour Mine

The diamond drilling program on the Cochenour property both to the west and to the north of the mine workings did not return any values of economic interest.

Wilmar Mine Limited

During 1973 Cochenour converted advances to Wilmar Mines Limited amounting to \$1,010,000 into 1,010,000 shares of that corporation, thereby increasing Cochenour's interest in Wilmar from 55.8% to 65.15%.

Results of the exploration program as set out in the General Manager's report were encouraging and a further program of underground exploration and diamond drilling as well as drilling from surface will be carried out during the year. If the results in the Granodiorite zone continue to be favourable a minimum of 15,000 tons will be mined and a milling test undertaken.

The 1974 program is estimated to cost \$500,000; 65% of which is to be supplied by your corporation, i.e. \$325,000.

Contracts have been let for the drifting and diamond drilling programs. The necessary preparation work in the No. 1 Cochenour shaft and the main haulage way to the Wilmar are close to completion. Drifting will be underway by June 1st.

One diamond drill and crew are on the property and a second is expected to arrive within the next week for the surface program. The underground diamond drilling program will start when the first new drill station is established as the drifting progresses.

Exploration

Cochenour will continue with its program of outside exploration as set out in the report of the General Manager, in partnership with Selco Mining Corporation Limited and Coin Lake Gold Mines Limited, and on its own.

Finances

The working capital at the end of the year was \$408,390 — down \$139,313.

In February 1974 Cochenour undertook a rights offering to holders of its outstanding shares of record at the close of business on February 28, 1974, to subscribe for and purchase from Cochenour 655,093 additional shares at the subscription price of \$1.25 per share. 584,801 shares were purchased and the amount of \$731,001 was received therefor.

Submitted on behalf of the Board,

J. E. J. FAHLGREN,
President.

May 22nd, 1974,
COCHENOUR, Ontario.

COCHENOUR WILLANS

(Incorporated under the
and its consolidated

Consolidated Balance Sheet

(with comparative figures)

ASSETS

CURRENT ASSETS	1973	1972
Cash and deposit receipts	\$ 185,366	\$ 306,566
Accounts receivable	59,630	108,428
Receivable from affiliated company, Coin Lake Gold Mines Limited	1,054	8,899
Materials and supplies, at the lower of cost and replacement cost	167,749	165,758
Prepaid expenses	23,245	28,484
	<u>437,044</u>	<u>618,135</u>
INVESTMENT IN AND ADVANCES TO UNCONSOLIDATED SUBSIDIARY COMPANIES (note 2)	—	—
INVESTMENT IN AFFILIATED COMPANY, COIN LAKE GOLD MINES LIMITED		
Shares, at cost (quoted market value 1973, \$26,223; 1972, \$13,112)	<u>24,571</u>	<u>24,571</u>
OTHER INVESTMENTS		
Shares in other mining companies, at cost (quoted market value \$6,570; 1972, \$5,440)	<u>15,220</u>	<u>15,220</u>
FIXED ASSETS (note 3)	<u>768,194</u>	<u>921,581</u>
MINING CLAIMS AND LICENCES, at cost (notes 4 and 6)	<u>795,956</u>	<u>528,076</u>
DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES, less amortization (notes 5 and 6)	<u>1,229,938</u>	<u>998,945</u>
	<u>\$3,270,923</u>	<u>\$3,106,528</u>

AUDITOR

To the Shareholders of
Cochenour Willans Gold Mines, Limited

We have examined the consolidated balance sheet of Cochenour Willans Gold Mines, Limited and its consolidated subsidiaries as at December 31, 1973, and the consolidated statements of income, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Thunder Bay, Canada,
February 15, 1974 (March 29,
1974 as to note 9).

GOLD MINES, LIMITED

(Incorporated in the Province of Ontario)
and its subsidiaries

December 31, 1973

(December 31, 1972)

LIABILITIES

CURRENT LIABILITIES	1973	1972
Accounts payable and accrued liabilities	\$ 28,654	\$ 50,432
Advances from minority shareholder	—	20,000
	<u>28,654</u>	<u>70,432</u>
INTEREST OF MINORITY SHAREHOLDERS IN SUBSIDIARY COMPANY	<u>444,349</u>	<u>68,508</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (notes 7 and 9)		
Authorized — 5,000,000 shares without par value		
Issued — 3,930,555 shares (1972 — 3,892,555 shares)	3,065,085	3,046,085
DEFICIT	<u>725,273</u>	<u>624,619</u>
	<u>2,339,812</u>	<u>2,421,466</u>
EXCESS OF APPRAISED VALUE OF FIXED ASSETS OVER DEPRECIATED BOOK VALUE (note 3)	458,108	546,122
	<u>2,797,920</u>	<u>2,967,588</u>
	<u>\$3,270,923</u>	<u>\$3,106,528</u>

Contingent liability (note 8)

Approved by the Board:

J. E. J. FAHLGREN, Director.

R. M. SMITH, Director.

REPORT

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1973, and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied, after giving retroactive effect to the changes in accounting practice explained in notes 1 and 5 to the financial statements, on a basis consistent with that of the preceding year.

THORNE GUNN & CO.,
Chartered Accountants.

COCHENOUR WILLANS GOLD MINES, LIMITED
and its consolidated subsidiaries

Consolidated Statement of Income

Year Ended December 31, 1973
(with comparative figures for 1972)

REVENUE	1973	1972
Real estate income	\$ 39,517	\$ 59,525
 EXPENSES		
Mine	34,503	67,019
Real estate	22,904	28,688
Administrative	31,752	28,363
Directors' fees	2,300	1,025
Depreciation	81,005	92,324
Municipal taxes	25,011	21,671
Insurance	18,552	16,872
Salvage		18,138
Exploration and prospecting, net of grants received (note 8)	87,706	105,046
	303,733	379,146
	264,216	319,621
 OTHER INCOME		
Interest	14,134	14,023
Miscellaneous	34,140	6,527
	48,274	20,550
Loss before the undernoted	215,942	299,071
 Add		
Provision for loss on investment in and advances to unconsolidated subsidiary companies	16,062	14,736
Loss on other investments		3,505
	232,004	317,312
 Deduct		
Recovery of hydro expenses of prior years	36,686	
Gain on sale of fixed assets	6,650	
	43,336	
LOSS FOR THE YEAR	\$ 188,668	\$ 317,312
LOSS PER SHARE	5¢	8¢

COCHENOUR WILLANS GOLD MINES, LIMITED
and its consolidated subsidiaries

Consolidated Statement of Deficit

Year Ended December 31, 1973

(with comparative figures for 1972)

	1973	1972
Deficit at beginning of year		
As previously reported (note 1)	\$1,881,880	\$1,575,085
Adjustment of deferred exploration and development expenditures less minority shareholders' portion (note 5)	557,511	556,028
Adjustment of excess of appraised value of fixed assets over depreciated book value (note 3)	699,750	560,217
	<u>1,257,261</u>	<u>1,116,245</u>
As restated	624,619	458,840
Excess of appraised value of fixed assets over depreciated book value, written off on disposal of fixed assets during the year	76,014	139,533
Amortization of excess of appraised value of fixed assets over depreciated book value	12,000	12,000
	<u>88,014</u>	<u>151,533</u>
	536,605	307,307
Loss for the year	188,668	317,312
DEFICIT AT END OF YEAR	<u>\$ 725,273</u>	<u>\$ 624,619</u>

Consolidated Statement of Source and Application of Funds

Year Ended December 31, 1973

(with comparative figures for 1972)

SOURCE OF FUNDS	1973	1972
Proceeds from sale of capital stock	\$ 19,000	
Proceeds from sale of fixed assets	90,332	\$ 157,712
Issue of shares of subsidiary to minority shareholders	110,000	
	<u>219,332</u>	<u>157,712</u>
 APPLICATION OF FUNDS		
Operations		
Loss for the year	188,668	317,312
Items not involving current funds		
Depreciation	81,005	92,324
Provision for loss on investment in and advances to unconsolidated subsidiary companies	16,062	14,736
Loss on other investments		3,505
Gain on sales of real estate	(3,011)	(10,267)
Gain on sales of other fixed assets	(6,650)	
	<u>87,406</u>	<u>100,298</u>
	101,262	217,014
Mining claims	2,040	
Exploration and development expenditures, less depreciation capitalized	230,309	1,852
Additions to fixed assets	8,972	6,121
Increase in investment in and advances to unconsolidated subsidiary companies	16,062	14,736
	<u>358,645</u>	<u>239,723</u>
DECREASE IN WORKING CAPITAL	139,313	82,011
WORKING CAPITAL AT BEGINNING OF YEAR	547,703	629,714
WORKING CAPITAL AT END OF YEAR	<u>\$ 408,390</u>	<u>\$ 547,703</u>

COCHENOUR WILLANS GOLD MINES, LIMITED

and its consolidated subsidiaries

Notes to Consolidated Financial Statements

Year Ended December 31, 1973

1. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of Cochenour Realty Limited, a wholly-owned subsidiary, and Wilmar Mines Limited, a 65.2% owned subsidiary (55.8% at December 31, 1972). In the statements submitted to the shareholders for 1972, Wilmar was not consolidated because it was then inactive and its effect upon the consolidated statements would have been immaterial. Because the property of Wilmar is now being further explored, due to the increased price of gold, and because of a change in accounting practice (see note 5), the comparative figures for 1972 have been restated to include the accounts of Wilmar as well as Cochenour Realty.

The remaining subsidiaries are inactive and are considered immaterial and their accounts have not been consolidated in these financial statements.

2. INVESTMENTS IN AND ADVANCES TO UNCONSOLIDATED SUBSIDIARY COMPANIES

ANSCO MINES LIMITED

	1973	1972
Shares, at cost	\$ 479,998	\$ 479,998
Advances	194,862	193,877
	<u>674,860</u>	<u>673,875</u>
Less provision for loss on investment	(674,860)	(673,875)
	<u>—</u>	<u>—</u>

COCHENOUR EXPLORATIONS LIMITED

Shares, at cost	\$ 121,439	\$ 121,439
Advances	115,459	109,914
	<u>236,898</u>	<u>231,353</u>
Less provision for loss on investment	(236,898)	(231,353)
	<u>—</u>	<u>—</u>

CONSOLIDATED MARCUS GOLD MINES LIMITED

Shares, at cost	\$ 86,240	\$ 81,784
Advances	46,741	41,665
	<u>132,981</u>	<u>123,449</u>
Less provision for loss on investment	(132,981)	(123,449)
	<u>—</u>	<u>—</u>

ANSCO MINES LIMITED

At December 31, 1973, the company owned 1,600,000 shares of Annsco Mines Limited representing 55% of the issued capital stock.

COCHENOUR EXPLORATIONS LIMITED

Under the terms of an agreement dated January 21, 1966, Cochenour Explorations Limited may request advances from its shareholders to a maximum of \$250,000, in proportion to their shareholdings, should the board of directors of Cochenour Explorations Limited determine that the exploration properties warrant the expenditure of additional funds. Default on such requests can result in the forfeiture of a pro-rata portion of the shareholders' shares in the company to the other shareholders.

At December 31, 1973, Cochenour Willans Gold Mines, Limited was committed to a maximum advance of \$127,500 based on present shareholdings, of which \$98,606 has been requested to date. The company has made advances to December 31, 1973 totalling \$115,459 of which \$16,853 has been advanced in anticipation of taking over the shares of delinquent shareholders who have failed to pay their proportionate share of expenditures incurred pursuant to this agreement.

At December 31, 1973, the company owned 255,000 shares of Cochenour Explorations Limited, representing 51% of the issued capital stock and was anticipating the acquisition of a further 8.7% of the issued capital stock.

COCHENOUR WILLANS GOLD MINES, LIMITED

and its consolidated subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year Ended December 31, 1973

CONSOLIDATED MARCUS GOLD MINES LIMITED

Under the terms of an agreement dated January 17, 1966, the company has expended \$25,020 on prospecting, exploration and development for which it is entitled to receive 41,700 shares of Consolidated Marcus Gold Mines Limited.

At December 31, 1973, the company owned 1,780,700 free shares of Consolidated Marcus Gold Mines Limited representing 57.4% of the shares issued or to be issued. A further 249,995 shares are held in escrow to be released if and when the company has caused Consolidated Marcus Gold Mines Limited to bring its mining claims into production.

3. FIXED ASSETS	1973	1972
Land	\$ 1	\$ 1
Buildings	1,225,685	1,314,618
Less accumulated depreciation	599,800	552,135
	<u>625,885</u>	<u>762,483</u>
Machinery and equipment	1,804,040	1,804,424
Less accumulated depreciation	1,661,732	1,645,327
	<u>142,308</u>	<u>159,097</u>
	<u>\$ 768,194</u>	<u>\$ 921,581</u>

The townsite buildings were appraised at market value on December 31, 1969 by O'Brien Agency Limited.

At December 31, 1973, the excess of appraised value of these fixed assets over depreciated book value has been reduced by amounts related to townsite buildings sold in prior years and the comparative figures have been adjusted accordingly. This adjustment has no effect on loss for the years. At December 31, 1973, these assets are reflected in the accounts at appraised value of \$703,418 (\$792,524 at December 31, 1972), less accumulated depreciation. The unamortized increase in value resulting from the appraisal in 1969 is reflected in shareholders' equity as "Excess of appraised value of fixed assets over depreciated book value". All other fixed assets are recorded at cost.

The company records depreciation on a diminishing balance basis at annual rates of 15%. The excess of appraised value of buildings over depreciated book value is being amortized on a straight line basis at an annual rate of 5%.

Wilmar Mines Limited records depreciation on its equipment on a diminishing balance basis at an annual rate of 15%.

Cochenour Realty Limited records depreciation on its buildings on a straight line basis at an annual rate of 5%.

4. MINING CLAIMS AND LICENCES	1973	1972
Cochenour Willans Gold Mines, Limited		
Balance at beginning of year	\$ 246,426	\$ 246,426
Additions during year		
6 claims staked adjoining mine claims, 80% interest in adjoining licence of occupation purchased	2,040	
Balance at end of year	<u>248,466</u>	<u>246,426</u>
Wilmar Mines Limited		
Balance at beginning and end of year	42,874	42,874
Excess of cost of Wilmar shares acquired by the company over net book value of the company's proportion of underlying assets	504,616	238,776
	<u>\$ 795,956</u>	<u>\$ 528,076</u>

COCHENOUR WILLANS GOLD MINES, LIMITED

and its consolidated subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year Ended December 31, 1973

During 1973 Cochenour Willans converted advances to Wilmar amounting to \$1,010,000 into 1,010,000 shares of that company.

5. DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES

These expenditures relate to the claims of Wilmar Mines Limited. Total expenditures were \$1,383,366, of which \$387,078 was amortized during the years that Wilmar was in production. During 1971 Wilmar discontinued active mining operations. As a result \$996,288 of exploration and development expenditures deferred at December 31, 1971 were written off. In addition \$2,657 of expenses incurred in 1972 were charged to operations during that year.

Due to increased gold prices Wilmar is now evaluating the feasibility of a commencement of further mining operations and has expended a further \$230,993 during 1973.

The company has therefore retroactively reinstated deferred exploration and development charges of \$998,945 arising prior to 1973 and the 1972 comparative figures have been adjusted accordingly.

The details of deferred exploration and development expenditures are as follows:

	1973	1972
Balance at beginning of year after reinstatement of prior years' expenditures	\$ 998,945	\$ 996,288
Expenses incurred during the year		
Surface drilling program	84,543	
Underground drilling program	125,538	
Pumping and dewatering	17,014	
Administration	3,898	2,657
	<u>230,993</u>	<u>2,657</u>
Balance at end of year	<u>\$1,229,938</u>	<u>\$ 998,945</u>

6. RECOVERY OF COSTS

The recovery of the costs of mining claims and licences and deferred exploration and development expenditures is dependent upon obtaining adequate financing and developing a sufficient quantity of ore of economic value.

7. CAPITAL STOCK

38,000 shares of the capital stock of the company were purchased during 1973 by full time employees of the company at 50¢ per share under options to them which expired June 30, 1973.

At December 31, 1973 an option was outstanding for the purchase of 15,000 shares of the capital stock of the company at \$1 per share. This option expires December 31, 1977. There are a further 85,000 shares set aside for the granting of options in the future.

8. CONTINGENT LIABILITY

Under the terms of certain agreements, The Ministry of Natural Resources, Ontario, has agreed to reimburse a portion of certain expenses incurred for the exploration of minerals. Should the exploratory work result in the discovery and development of a commercially feasible mineral deposit, amounts so advanced by The Ministry become repayable without interest. Advances earned to December 31, 1973, total \$81,570 of which \$30,436 was earned during 1973.

9. SUBSEQUENT EVENT

Subsequent to the year end the company issued 584,801 shares for a net consideration of approximately \$700,000 pursuant to a rights offering which expired March 29, 1974.

10. OTHER STATUTORY INFORMATION

Remuneration of directors and senior officers as defined by The Business Corporations Act amounted to \$85,144 (1972, \$73,794).

COCHENOUR WILLANS GOLD MINES, LIMITED

Report of the General Manager

To the Board of Directors,
Cochenour Willans Gold Mines, Limited,
TORONTO, Ontario.

Gentlemen:

The No. 1 shaft at Cochenour was kept dewatered down to the 14th level from the beginning of the year, and therefore the Wilmar 1300 level and the Wilmar shaft were kept dry.

The Mine Cafeteria and the No. 1 and 2 Dormitories were opened for the summer months, from April 1st to November, to take care of our employees working on development. During this period we also accommodated Campbell Red Lake Mines Limited by housing and feeding its construction crews.

We received a recovery of hydro expense relating to prior years from Ontario Hydro amounting to \$36,686.

WILMAR:

The 1973 exploration program to investigate the potential of Wilmar Mines Limited was initiated in April and completed in November. A total of 25,000 feet of diamond drilling was drilled; 8,500 feet was directed at the West Granodiorite zone, situated 2,000 feet west of the Wilmar winze, from drill stations on the 1300 level west drift and on surface. 16,500 feet was drilled in the East Breccia zone which was partially developed by a winze and six levels in prior work that produced 203,256 tons of ore at a grade of .298 ounces gold per ton. This work was carried out from the 1300 and 1450 underground levels and from the surface.

WEST GRANODIORITE ZONE

This low grade, large tonnage potential zone, located by the west drift in prior exploration, responded quite well to the 1973 drill exploration program. Extensive diamond drilling to test the projection of this structure from surface and especially from the 1300 level did substantiate the persistence of gold bearing granodiorite mineralization, and a large tonnage low grade zone is indicated. The full extent and tenor of the total structure has not been established, due to the fact that the drift was along the edge of the zone thereby limiting exploration to the vertical area roughly 100 feet above and below the level; however the results of intensive panel drilling within a 250 foot strike length portion of this zone on the 1300 level horizon has provided grade indications of 0.15 ounces gold per ton with a tonnage potential exceeding 1,500 tons per vertical foot. The grade of ten drill holes selected for comparative assay and subsequent milling test information averaged 0.166 ounces gold per ton for a total intersection footage of 930.8 feet. This sample was comprised of nine drill holes from the 250 foot strike length portion on the 1300 level and one surface drill hole located 500 feet vertically above; the latter being an intersection that averaged 0.18 ounces gold per ton along a 62.5 foot core length.

The grade was confirmed by mill tests conducted by the Ottawa Mines Branch, Mineral Processing Division, which reports an overall recovery of 98% of the gold present is recoverable by amalgamation and cyanidation.

EAST AREA

Diamond drilling was limited to drill station positions on the 1300 and 1450 levels only, as the hoist was removed when the mine closed in 1971, and the winze is therefore inoperable. The results from underground work directed at various gold bearing structures in the East Breccia area confirmed extensions of previously

COCHENOUR WILLANS GOLD MINES, LIMITED

known zones within the developed area of the mine between the 1300 and 2050 levels; this latest work confirms approximately 100,000 tons grading 0.25 ounces gold per ton of drill indicated reserves in the developed area of the mine. The surface drilling program indicated the persistence of the structures between surface and the 1300 level horizon, but failed to establish any major zones of mineralization and most values were low. Nevertheless it is reasonable to assume that the area above the 1300 level through to surface is favourable for exploration, as the latest diamond drilling results in this section from long diamond drill holes compares with the earlier diamond drilling exploration in the developed part of the mine. It took drift development and intensive diamond drilling to define the ore potential.

Encouraged by the results of the 1973 drilling program, and particularly the potential of the West granodiorite zone, the staff recommended further exploration to include the driving of a 750 foot drift, 300 feet to the south of the granodiorite zone on the 1300 level, to provide five new diamond drilling stations which will have a favourable position to explore the zone further up and down dip.

If the results continue to be favourable it is proposed to undertake mining a minimum of 15,000 tons for a milling test in the Cochenour mill. For this purpose the necessary supplies and mill parts have been ordered and will be available in July.

It is further proposed to purchase and install a hoist to service the Wilmar winze, thereby providing access to the developed mine. Some drifting will be done on the 1600 and 1750 levels to provide additional diamond drilling positions on these horizons in the east zone.

COCHENOUR:

The diamond drilling program to test the area west of the Cochenour mine workings failed to locate any new ore zones. The anomaly located by geophysics north of the mine workings was investigated by diamond drilling. A sulphide zone was located but values were negative.

ANNCO:

The Annco mine workings are flooded and no work is contemplated in the immediate future.

CONSOLIDATED MARCUS:

The anomalous zones on the north Marcus were checked by diamond drilling but results were not encouraging. We are continuing our efforts to come to an agreement with our neighbour to the east whereby a crosscut from their deepest level might be extended into the east Marcus property to establish new diamond drilling positions.

TROUT BAY GROUP (Cochenour 80%, Coin 10%, Selco 10%)

The feasibility study on the economic possibilities of mining and milling the known deposits of copper/zinc mineralization on this property has been received and is favourable.

We are now investigating the costs of extending a road from the highway south of Red Lake for a distance of 12 miles to the property as well as water transportation.

COCHENOUR EXPLORATIONS LIMITED

McDonough Township Group — A new aerial geophysical survey has been completed over this property, and further work is planned here providing a satisfactory exploration crew can be organized.

COCHENOUR WILLANS GOLD MINES, LIMITED

Todd Township Group — A program of ground geophysics followed by a diamond drilling program is planned for the 1974 season on this group of claims.

SYDNEY LAKE AREA PROJECT (Cochenour 32%, Coin 8%, Selco 60%)

During the past season 17 blocks represented by 184 claims were staked. 54 miles of line cutting and 46 miles of geophysics was completed. Follow up diamond drilling totalled 4,626 feet. Regional mapping and detailed mapping of the claim blocks and grids was done.

The program of ground geophysics and follow-up diamond drilling will continue on these groups through the 1974 season.

BAMAJI PROJECT

The program of ground geophysics and follow-up diamond drilling continued on this project during the past season. 991 feet of diamond drilling was done. Results were not encouraging and this project is closed for the present season.

CASSUMMIT LAKE PROJECT

This project comprises 35 contiguous claims, part under option and the balance staked by Cochenour. This is a gold prospect. A program of prospecting, geological mapping, ground geophysics and diamond drilling will be undertaken here during the 1974 season.

Respectfully submitted,

J. E. J. FAHLGREN,
General Manager.

May 7th, 1974,
COCHENOUR, ONTARIO.

Consolidated Marcus Gold Mines Limited

(Incorporated under the laws of Ontario)

BALANCE SHEET — DECEMBER 31, 1973

(with comparative figures at December 31, 1972)

ASSETS

CURRENT ASSETS	1973	1972
Cash	\$ 440	\$ 871
MINING CLAIMS (note 1)		
Acquired by the issue of 2,999,995 shares of the capital stock of the company, valued at	299,999	299,999
DEFERRED EXPENDITURES (note 1)	131,701	121,562
	<u>\$ 432,140</u>	<u>\$ 422,432</u>

LIABILITIES

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 375	\$ 200
DUE TO PARENT COMPANY (note 2)	<u>46,741</u>	<u>41,665</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 3)		
Authorized		
4,000,000 Shares, par value \$1 each		
Issued or to be issued		
3,101,700 Shares (1972, 3,094,272 shares)	3,101,700	3,094,272
Less discount thereon	<u>2,716,676</u>	<u>2,713,705</u>
	385,024	380,567
	<u>\$ 432,140</u>	<u>\$ 422,432</u>

Approved by the Board:

J. E. J. FAHLGREN, Director.

R. M. SMITH, Director.

AUDITORS' REPORT

To the Shareholders of
Consolidated Marcus Gold Mines Limited

We have examined the balance sheet of Consolidated Marcus Gold Mines Limited as at December 31, 1973 and the statements of deferred expenditures and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1973 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thunder Bay, Canada,
February 15, 1974.

THORNE GUNN & CO.,
Chartered Accountants.

Consolidated Marcus Gold Mines Limited

STATEMENT OF DEFERRED EXPENDITURES

Year Ended December 31, 1973
(with comparative figures for 1972)

	1973	1972
Balance at beginning of year	\$ 121,562	\$ 120,349
Exploration expenses		
Diamond drilling	6,011	
Labour	2,647	
General	125	
	8,783	
Other expenses		
Acreage and municipal taxes	624	625
Directors' fees	75	125
General	657	463
	1,356	1,213
BALANCE AT END OF YEAR	\$ 131,701	\$ 121,562

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year Ended December 31, 1973
(with comparative figures for 1972)

SOURCE OF FUNDS	1973	1972
Increase in amount due to parent company	\$ 5,076	\$ 1,316
Proceeds from issue of capital stock	4,457	
	9,533	1,316
APPLICATION OF FUNDS		
Increase in deferred expenditures	10,139	1,213
INCREASE (DECREASE) IN WORKING CAPITAL	(606)	103
WORKING CAPITAL AT BEGINNING OF YEAR	671	568
WORKING CAPITAL AT END OF YEAR	\$ 65	\$ 671

Consolidated Marcus Gold Mines Limited

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 1973

1. RECOVERY OF COSTS

The recovery of costs of mining claims and deferred expenditures is dependent upon obtaining adequate financing and developing a sufficient quantity of ore of economic value.

2. DUE TO PARENT COMPANY

Under the terms of the agreement whereby the company acquired its mining claims, as amended August 15, 1961, 1,999,995 escrowed shares of the capital stock of the company were issued to Cochenour Willans Gold Mines, Limited of which 1,750,000 shares have been released from escrow and the remaining 249,995 shares are to be released when Cochenour Willans Gold Mines, Limited has caused the company to bring the mining claims into production. The company also agreed to repay to Cochenour Willans Gold Mines, Limited, after the mining claims have been brought into production and before payment of any dividends certain monies expended by Cochenour Willans Gold Mines, Limited, and all monies advanced by it together with simple interest thereon at the rate of 4% per annum to date of payment. At December 31, 1973 such expenditures and advances amounted to \$88,540, of which \$41,799 has not been provided for in the accompanying balance sheet.

3. CAPITAL STOCK

Under the terms of an agreement dated January 17, 1966, Cochenour Willans Gold Mines, Limited has expended \$25,020 on prospecting, exploration and development for which it was entitled to receive 41,700 shares of the company.

Cochenour Explorations Limited

(Incorporated as a private company under the laws of Ontario)

Balance Sheet—December 31, 1973

(with comparative figures at December 31, 1972)

ASSETS

CURRENT ASSETS	1973	1972
Cash	\$ 1,384	\$ 1,098
Accounts receivable		800
	<u>1,384</u>	<u>1,898</u>
FIXED ASSETS:		
Equipment, at cost	4,755	4,755
MINING CLAIMS, acquired for 249,994 shares of capital stock value at \$249,994 and \$1,000 cash (note 1)	250,994	250,994
DEFERRED EXPLORATION EXPENDITURES (note 1)	422,716	415,428
	<u>\$ 679,849</u>	<u>\$ 673,075</u>

LIABILITIES

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 400	\$ 350
ADVANCES FROM SHAREHOLDERS (note 2)		
Cochenour Willans Gold Mines, Limited	115,459	109,914
Other	77,887	75,731
	<u>193,346</u>	<u>185,645</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK		
Authorized and issued		
500,000 Shares, par value \$1 each	500,000	500,000
DEFICIT	13,897	12,920
	<u>486,103</u>	<u>487,080</u>
	<u>\$ 679,849</u>	<u>\$ 673,075</u>
CONTINGENT LIABILITY (note 3)		

Approved by the Board:

J. E. J. FAHLGREN, Director.

J. B. McLELLAN, Director.

AUDITORS' REPORT

To the Shareholders of
Cochenour Explorations Limited

We have examined the balance sheet of Cochenour Explorations Limited as at December 31, 1973 and the statements of deferred exploration expenditures, income, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1973 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thunder Bay, Canada,
February 15, 1974.

THORNE GUNN & CO.,
Chartered Accountants.

Cochenour Explorations Limited

Statement of Deferred Exploration Expenditures

Year Ended December 31, 1973

(with comparative figures for 1972)

	1973	1972
Balance at beginning of year	\$ 415,428	\$ 400,920
Geophysical surveys	5,194	6,858
Acreage taxes	156	135
Diamond drilling		7,178
General explorations	1,938	6,390
	7,288	20,561
Less assistance from Ministry of Natural Resources (note 3)		6,053
	7,288	14,508
BALANCE AT END OF YEAR	\$ 422,716	\$ 415,428

Statement of Income

Year Ended December 31, 1973

(with comparative figures for 1972)

	1973	1972
Administrative expenses		
Audit	\$ 450	\$ 450
Legal	50	48
Government fees and taxes	150	50
Directors' fees	225	250
Sundry	102	
LOSS FOR THE YEAR	\$ 977	\$ 798

Statement of Deficit

Year Ended December 31, 1973

(with comparative figures for 1972)

	1973	1972
Deficit at beginning of year	\$ 12,920	\$ 12,122
Loss for the year	977	798
DEFICIT AT END OF YEAR	\$ 13,897	\$ 12,920

Cochenour Explorations Limited

Statement of Source and Application of Funds

Year Ended December 31, 1973

(with comparative figures for 1972)

SOURCE OF FUNDS	1973	1972
Increase in advances from shareholders	\$ 7,701	\$ 31,545
APPLICATION OF FUNDS		
Increase in deferred exploration expenditures	7,288	14,508
Administrative expenses	977	798
	8,265	15,306
INCREASE (DECREASE) IN WORKING CAPITAL POSITION	(564)	16,239
WORKING CAPITAL (DEFICIENCY) AT BEGINNING OF YEAR	1,548	(14,691)
WORKING CAPITAL AT END OF YEAR	\$ 984	\$ 1,548

Cochenour Explorations Limited

Notes to Financial Statements

Year Ended December 31, 1973

1. RECOVERY OF COSTS

The recovery of costs of mining claims and deferred exploration expenditures is dependent upon obtaining adequate financing and the development of sufficient quantities of ore of economic value.

2. ADVANCES FROM SHAREHOLDERS

Under the terms of an agreement dated January 21, 1966 the company may request advances from its shareholders to a maximum of \$250,000, in proportion to their shareholdings.

At December 31, 1973 the company has requested and received the following advances from its shareholders:

	Amount Requested	Amount Received
Cochenour Willans Gold Mines, Limited	\$ 98,606	\$ 115,459
Coin Lake Gold Mines Limited	34,802	34,802
Mentor Explorations Development Co. Ltd.	36,736	23,750
Selco Mining Corporation Limited	19,335	19,335
Estate of S. J. Zacks	3,867	
	<u>\$ 193,346</u>	<u>\$ 193,346</u>

Default on requests can result in the forfeiture of a pro-rata portion of the shareholders' shares in the company to the other shareholders.

Mentor Explorations Development Co. Ltd. and the Estate of S. J. Zacks have advised that they will not make further advances. The deficiency in requests to these shareholders has been paid by Cochenour Willans Gold Mines, Limited in anticipation of assuming the shares on forfeiture.

3. CONTINGENT LIABILITY

Under the terms of certain agreements, the Ministry of Natural Resources, Ontario, has agreed to reimburse a portion of certain expenses incurred for the exploration of minerals. Should the exploratory work result in the discovery and development of a commercially feasible mineral deposit, such amounts so advanced by the Ministry become repayable without interest. Advances earned to December 31, 1973 total \$6,053.

Annco Mines Limited

(Incorporated under the laws of Ontario)

BALANCE SHEET — DECEMBER 31, 1973

(with comparative figures at December 31, 1972)

ASSETS

CURRENT ASSETS	1973	1972
Cash	\$ 408	\$ 497
MINING CLAIMS (note 1)		
Acquired by the issue of 1,166,663 shares of the capital stock of the company, valued at	58,333	58,333
	<u>\$ 58,741</u>	<u>\$ 58,830</u>

LIABILITIES

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 750	\$ 750
Payable to parent Company, Cochenour Willans Gold Mines, Limited	194,862	193,877
Total liabilities	<u>195,612</u>	<u>194,627</u>

CAPITAL STOCK AND DEFICIT

CAPITAL STOCK (note 2)		
Authorized		
3,000,000 Shares, par value \$1 each		
Issued		
2,906,668 Shares	2,906,668	2,906,668
Less discount thereon	2,192,330	2,192,330
	714,338	714,338
DEFICIT	851,209	850,135
	<u>(136,871)</u>	<u>(135,797)</u>
	<u>\$ 58,741</u>	<u>\$ 58,830</u>

Approved by the Board:

J. E. J. FAHLGREN, Director.

R. M. SMITH, Director.

AUDITORS' REPORT

To the Shareholders of
Annco Mines Limited

We have examined the balance sheet of Annco Mines Limited as at December 31, 1973 and the statements of income, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1973 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thunder Bay, Canada,
February 15, 1974.

THORNE GUNN & CO.,
Chartered Accountants.

Annco Mines Limited

STATEMENT OF INCOME

Year Ended December 31, 1973

(with comparative figures for 1972)

	1973	1972
Administrative expenses		
Audit	\$ 350	\$ 675
Legal	177	63
Government fees and taxes	195	195
Directors' fees	250	300
Sundry	102	
LOSS FOR THE YEAR	<u>\$ 1,074</u>	<u>\$ 1,233</u>

STATEMENT OF DEFICIT

Year Ended December 31, 1973

(with comparative figures for 1972)

	1973	1972
Deficit at beginning of year	\$ 850,135	\$ 848,902
Loss for the year	1,074	1,233
DEFICIT AT END OF YEAR	<u>\$ 851,209</u>	<u>\$ 850,135</u>

Annco Mines Limited

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year Ended December 31, 1973

(with comparative figures for 1972)

	1973	1972
SOURCE OF FUNDS	\$ NIL	\$ NIL
APPLICATION OF FUNDS		
Loss for the year	1,074	1,233
DECREASE IN WORKING CAPITAL POSITION	1,074	1,233
WORKING CAPITAL DEFICIENCY AT BEGINNING OF YEAR	194,130	192,897
WORKING CAPITAL DEFICIENCY AT END OF YEAR	<u>\$ 195,204</u>	<u>\$ 194,130</u>

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 1973

1. RECOVERY OF COSTS

The recovery of the costs of mining claims is dependent upon obtaining adequate financing and developing a sufficient quantity of ore of economic value.

2. CAPITAL STOCK

At December 31, 1973 Martin-McNeely Mines Limited, under the terms of certain agreements, had options to subscribe for 93,332 shares of the company's capital stock at \$1 per share.

Human Rights Act

Section 1: Rights and Freedoms

1. The rights and freedoms set out in this Charter are guaranteed only if they can be justified in a free and democratic society.

Section 2: Fundamental Rights and Freedoms

2.1 Everyone has the right to life, liberty and security of the person.

2.2 Everyone has the right to be secure against unreasonable search or seizure.

2.3 Everyone has the right to be secure against arbitrary or unlawful detention or imprisonment.

2.4 Everyone has the right to a fair and public hearing by an independent and impartial tribunal.

2.5 Everyone has the right to life, liberty and security of the person.

2.6 Everyone has the right to be secure against unreasonable search or seizure.

2.7 Everyone has the right to be secure against arbitrary or unlawful detention or imprisonment.

2.8 Everyone has the right to a fair and public hearing by an independent and impartial tribunal.

Section 3: Equality Rights

3.1 Every individual is equal before and under the law and has the right to equal protection and equal benefit of the law without discrimination.

3.2 In the exercise of their rights and freedoms, individuals are subject to such reasonable limits prescribed by law as can be justified in a free and democratic society.

3.3 The rights and freedoms set out in this Charter are guaranteed only if they can be justified in a free and democratic society.

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